

2016 INTERNAL REVENUE CODE UPDATE BILL

Prior Law _____

References in the Iowa Code to the “Internal Revenue Code” mean the Internal Revenue Code as it existed on January 1, 2015.

New Provisions _____

2016 Iowa Acts House File 2433 updates the Iowa Code so that all references to the “Internal Revenue Code” mean the Internal Revenue Code in effect on January 1, 2016. For tax year 2015, Iowa did not couple with bonus depreciation under IRC section 168(k) but coupled with many of the IRC provisions extended either temporarily or permanently by the Protecting Americans from Tax Hikes Act of 2015, including:

- The IRC § 179 expense deduction
- Deduction of educator expenses
- Tuition and fees deduction for higher education
- Election to deduct state sales/use tax as an itemized deduction in lieu of state income tax
- Treatment of mortgage insurance premiums as qualified residence interest
- Tax free distribution from an IRA to certain charities for individuals 70 and a half and older.

Sections Amended _____

Sections 1 to 5 of 2016 Iowa Acts House File 2433 amends Sections 15.335, 422.3, 422.10, 422.32, and 422.33, Code 2016.

Effective Date _____

March 21, 2016, retroactive to the tax year beginning January 1, 2015.